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SUBJECT: FIXING THE BIG CITY

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11. (SBU) The Auckland region, New Zealand's commercial center and home to a third of the country's population, is governed by a patchwork of institutions - four city councils and mayors, two district councils and an overarching regional council. These overlapping and competing authorities slow decision-making and hobble the city's development at taxpayers' expense.

12. (SBU) In 2007, the previous Labour government tasked the city's leaders to come up with a new governance plan. Their proposed changes were mostly cosmetic and designed to protect existing political fiefs. Unimpressed with the product but not wanting to deal with the issue during an election campaign, the Labour government punted the job to a Royal Commission of three eminences grises, with a mandate to come up with a new plan after the November 2008 national elections.

13. (SBU) After extensive consultations, the Royal Commission issued its report in March. It called for the establishment of a single city council with a popularly elected mayor and some council seats set aside for Maori. Existing city and district councils would be replaced by six local councils covering the same localities as the current city and district councils. They would be subordinate to the new greater Auckland council but still authorized to raise and spend money independently.

14. (SBU) Within weeks, the National-led government in Wellington, via Local Government Minister Rodney Hide, leader of the small ACT Party, set aside much of the Royal Commission's plan and put forward a more radical proposal. Hide proposed a single city council - without Maori seats - and a popularly elected mayor. The six proposed local council were eliminated, to be replaced instead with 20-30 community boards that would have very minor responsibilities (graffiti and pet control) and would otherwise be limited to an advisory role. The new governance structure is to be in place by October 2010.

OXEN GET GORED

15. (SBU) Initial reaction was predictable. Current Auckland City Mayor John Banks, a minister in an earlier National government and frontrunner (to the extent there is one) for mayor of the new "supercity," praised the government's plan. The mayors and council members from the other current city and district councils, who will be out of their jobs if the plan is implemented, spluttered in outrage. The New Zealand Herald's op-ed pages have been filled with columns penned by various mayors, deputy mayors, and city councilors decrying Wellington's attack on local democracy. The decision has also upset community activists concerned their neighborhood interests and pet projects will be overlooked by a top-heavy city government.

¶6. (SBU) The Maori community condemned the government's elimination of Maori seats, but Maori Party co-leader Pita Sharples' response was nuanced. He objected to the elimination of the Maori seats, but took pains to add that the disagreement would not affect the Maori Party's confidence and supply agreement with National. The protests from local Maori tribes were more pointed and a protest march (hikoi) was called for late May. The 6,000-strong hikoi managed to close down a few blocks of downtown Auckland on May 25 but PM Key dismissed it.

A STUMBLE, BUT A SMALL ONE

¶7. (SBU) The government seems taken aback by reaction to the supercity plan, but it is not clear how seriously the government has stumbled. The government has dropped hints that, when the enabling legislation moves through parliament, there may be room for tweaking, including a way to guarantee Maori representation on the new council. While the opposition Labour Party has been trying to make political hay out of the issue, strong opposition remains limited to Maori and community activists. Media interest in the issue is fading. One Auckland MP confirmed a view held by many: the average Aucklander cares little about the governance debate so long as the outcome delivers better traffic and lower taxes. A recent public opinion poll showed Aucklanders were evenly split on the supercity concept, but feelings among the general public on the issue do not seem particularly strong. Outside Auckland, the debate attracts barely any interest at all.

¶8. (SBU) One analyst suggested that the Maori Party's protest was muted because Sharples has bigger fish to fry. This observer suggested that Sharples is hoarding his political capital to expend

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on social and welfare issues more important to the Maori community. By largely giving National a pass regarding Maori seats in Auckland, he has earned points with PM Key that he can spend later.

BAD POLITICS?

¶9. (SBU) Some observers suggest that National has made bad decisions both for itself and for the people of Auckland. One local government expert from one of Auckland's big law firms noted that National's rejection of the Royal Commission proposal meant that National had taken ownership of Auckland governance issue. Given that few analysts expect any form of local government reform to have much impact on Aucklanders' tax bills and traffic woes, that may have been a mistake. Had National simply implemented the Labour-appointed Royal Commission plan, it could have dealt with Aucklanders' inevitable disappointment by shifting the blame to Labour and the Commission. At least one Auckland politician agreed, arguing that while there were no votes to be won in redesigning Auckland's government, there were at least a few votes to be lost.

¶10. (SBU) Auckland University Professor Ray Miller sounded a similar theme, warning that National was identifying itself with a policy drawn up by Hide. Hide's party drew only 3.7% of the vote in last year's election and, argued Miller, Hide is not very popular with the New Zealand electorate and is not trusted by his National counterparts in cabinet. Hide's pro-business attitudes open the government up to accusations that it is backing a plan meant to promote a business takeover of Auckland's government. According to this argument, only the wealthiest candidates will be able to mount serious campaigns in a constituency of 1.4 million. (By comparison, the population of Auckland City, the largest of the Auckland region's current municipalities, is about 450,000.)

A BAD PLAN?

¶11. (SBU) Some experts in local government see a fundamental flaw in both the Commission and government plans. Both plans opt for what experts describe a "weak mayor" model. The mayor will get to appoint his/her deputy and committee chairs and propose the budget, but the mayor's authority will not be nearly as strong as that of London's

mayor, for example. Experts point with concern to Toronto, which implemented municipal reform similar to that proposed for Auckland and has been left with a divided council with a mayor too weak to resolve disputes. It is certainly hard to see how a council that included the four current mayors - different from each other in both temperament and philosophy - could succeed.

ALTERING THE AUCKLAND-WELLINGTON DYNAMIC

¶12. (SBU) The impact of reform on the relationship between Auckland and national politics remains to be seen. In New Zealand, local government generally is not a stepping stone to higher levels of government. While there are exceptions, mayoralties in New Zealand are filled with politicians at the end, rather than the beginning, of their careers. Likewise, members of city councils tend to limit their focus to local issues. Last year's election to parliament of Auckland City Councilman Peseta Sam Lotu-Liga is the exception rather than the rule.

¶13. (SBU) A number of our interlocutors suggested that a supercity might change all that. Traditionally, gaining a ministry required an ambitious young politician to toil for years in the party hierarchy and parliament's backbenches. That has already started to change, as party leaders take advantage of the party list system to bring in fresh blood. Some observers argue that a relatively junior politician could avoid paying his dues in Wellington and pursue a city-wide council seat or mayoralty in Auckland. A politician who could succeed there, and demonstrate to party leaders that he can capture a plurality in what will be by far the single largest constituency in the country, could make a persuasive argument to enter national politics at the ministerial level.

¶14. (SBU) Even if a reformed Auckland government does not become a springboard to national office, many of our interlocutors hope it might lead to better candidates at the local level. We heard many complaints about the dismal quality of local government officials, with the few noteworthy exceptions only drawing attention to the mediocrity of the rest. A more authoritative government for the entire Auckland region might draw more effective policymakers who

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consider pursuit of local office under the current structure to be a waste of effort.

¶15. (SBU) Despite its weaknesses, reform may strengthen Auckland in its dealings with the rest of the country. New Zealanders outside the city tend to be wary of Auckland, believing it already gets too much attention and too many resources compared to the rest of the country. This is reflected in national politics, where some politicians, such as former Finance Minister Michael Cullen, gain reputations for being particularly "anti-Auckland." This infuriates Auckland boosters, who point out the city contributes much more in economic growth and tax revenues than it gets back in, for example, funding for roads.

¶16. (SBU) One expert argued that even an imperfect supercity will be better placed to battle for its interests in Wellington. He used a recent example of a regional fuel tax. The previous Labour government imposed a fuel tax for the Auckland region only, with the proceeds to go to Auckland infrastructure. When gasoline prices spiked last year, the tax became politically unsupportable and the government withdrew it, without any indication of how it would replace the badly-needed funding. Auckland's fragmented leadership made no effective response. A mayor and city council from a single Auckland supercity would have been better positioned to protect the fuel tax or draw a commitment from the government that funds for the needed infrastructure would be found elsewhere.

¶17. (SBU) The final shape of the supercity won't be seen for months, after continued public debate and parliamentary hearings. The hearings will keep the story in the newspaper, but it is unlikely to return to the front pages soon. Prime Minister Key, a pragmatic politician, will likely use the hearing process to make adjustments to the new governance structure in order to appease key constituencies like the Maori. Regardless of the final design, it

will be years before we learn whether the restructuring has created
the world class city everyone seems to agree New Zealand needs.
KEEGAN